

COMMISSION DIRECTIVE

ADMINISTRATIVE MATTERS	<input type="checkbox"/>	DATE	<u>September 20, 2006</u>
MOTOR CARRIER MATTERS	<input type="checkbox"/>	DOCKET NO.	<u>2006-92-WS</u>
UTILITIES MATTERS	<input checked="" type="checkbox"/>		

SUBJECT:

DOCKET NO. 2006-92-WS - Application of Carolina Water Service, Incorporated (CWS) for Adjustment of Rates and Charges for the Provision of Water and Sewer Service – Discuss this matter with the Commission.

COMMISSION ACTION:

In our meeting and resulting directive of September 8, 2006, the Commission rejected the parties' proposed settlement agreement. The Commission also recognized that, given the rejection of the settlement agreement, the Company had the option of advancing the request for rates and charges contained in its original application, or it could continue to advocate the rates and charges contained in the settlement agreement.

On September 14, 2006, Carolina Water Service advised the Commission of its understanding that if the “parties were ‘to propose their settlement in lieu of the Company’s application’ CWS would be effectively forced to withdraw its application and expose itself to a determination that no application for rate adjustment is pending before the Commission in the event that the Settlement Agreement were not to be approved at a later date.” However, the Commission’s directive of September 8th did not present the parties with such a condition; it merely recognized that the company was no longer bound by the terms of the rejected settlement and had the right to advocate the rates and charges consistent with its application if it wished to do so at the final hearing.

On September 15th, after a conference call with the Commission's hearing officer, the parties reached the understanding that CWS would not have to withdraw its original rate application if it chose to advocate the settlement rates. I move that this Commission confirm the applicant's present understanding that the Commission's September 8th ruling was not intended to require Carolina Water Service to withdraw its application if it chose to present the terms of its settlement in lieu of those contained in its application at the final hearing.

I now would like to address the merits of the company's request for a rate increase. On September 8, 2006, we denied approval of the parties' proposed settlement in this case. Our denial was based on the parties' failure to present sufficient information to address the Commission's concerns regarding certain aspects of the company's rates and service. In that directive, the Commission scheduled a final hearing in the case for September 18, 2006. However, on September 15th both parties informed the Commission that they do not have any additional evidence or testimony to present in this matter. In light of this correspondence, the September 18th hearing was cancelled.

I move that the Commission reject the Company's application for a rate increase for the reason that the Commission remains without sufficient evidence to allow it to determine whether the rates proposed by the Company are just and reasonable. The issues which the Commission sought to address in its previous requests to the parties pertained to the fairness of the company's rate structure and the quality of its service and they remain unresolved. As previously stated by the Commission, the issues raised by the Commission concern whether the proposed rates in the settlement are just and reasonable. The quality of the company's service, which is implicated in many of the Commission's areas of concern, is a recognized factor in the Commission's consideration of whether a proposed rate increase is justified.

The proposed settlement does not absolve the Commission of its statutory duty to independently review the rates and charges requested and determine if they are just and reasonable. Because we do not have sufficient information to effectively exercise our statutory duty in this case, the Commission is left with no choice but to deny the Company's application and I so move.

PRESIDING

Hamilton

MOTION

YES

NO

OTHER

APPROVED

☐

APPROVED STC 30 DAYS

☐

ACCEPTED FOR FILING

☐

DENIED

☒

AMENDED

☐

TRANSFERRED

☐

SUSPENDED

☐

CANCELED

☐

SET FOR HEARING

☐

ADVISED

☐

CARRIED OVER

☐

RECORDED BY

JBS

CLYBURN

☐☒☐

FLEMING

☐☒☐

HAMILTON

☐☒☐

HOWARD

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MITCHELL

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MOSELEY

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WRIGHT

☐☒☐

Session: Regular

Time of Session 2:30 PM

Commissioner Clyburn voted on this Motion via Telephone during the Commission Meeting on September 20, 2006. She is attending the NEI Conference in Seattle, Washington.